

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 BRASILIA 003070

SIPDIS

NSC FOR JOANNA WALLACE
TREASURY FOR OASIA/BACKES, SEGAL
PLS PASS FED BOARD OF GOVERNORS FOR WILSON, ROBATAILLE
USDOC FOR 4322/ITA/IEP/WH/OLAC-SC

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [PGOV](#) [BR](#) [FTAA](#)

SUBJECT: AMORIM BRIEFS CONGRESS ON CANCUN MINISTERIAL

1. ECONFSN attended the September 17 presentation on WTO issues by Brazil's Foreign Minister Celso Amorim to the Chamber of Deputies Foreign Affairs Committee after the FM's return from the 9/10-14 Cancun Ministerial. This was FM Amorim's second appearance this month before the Committee at the latter's invitation. His tone was confident but restrained, with no hint of triumphalism despite the many accolades to him from deputies and parts of Brazil's media since Cancun's denouement. Following are the main points addressed during FM Amorim's 45-minute testimony followed by a 75-minute Q and A session.

2. Points made:

-- It is too early for a complete detailed analysis of the Cancun meeting, as the Brazilian delegation members were still digesting the events and implications.

-- G22 genesis: in the past, the U.S. had aligned with the Cairns Group versus the EU; this time the U.S. and EU had come to Cancun with a joint defensive position. Having Mexico as the conference leader and Singapore as Ag facilitator helped allow the formation of the G22 (or, Amorim said, the G20+, as he expects more inclusions.)

-- The raising of Singapore issues by the conference had caused a mutiny by India and "little-bitty" ("pequeninos") countries.

-- The WTO remains the legitimate, "non-replaceable" forum in which Brazil should pursue its trade interests. Amorim repeatedly stressed this point. He also made clear that, in Brazil's view, Cancun was not a failure, and the Doha Round negotiations are an ongoing process which will not fade away. It is better for Brazil that the Round "skid" for six months or even a year so as to end up with a sufficient agreement than to wait fifteen years for a new WTO round to give desired results. He added that, although still not ideal, the Conference's paper on agriculture at the end of the event was better than the initial one.

-- The G20+ is a coalition only for agricultural matters. A G20+ meeting is likely to be held at some point, during which implications of the end of the Peace Clause in December may be considered. After the expiration of the Peace Clause there will be potential WTO cases from which Brazil can benefit; however, said Amorim, "rhetorical battle" should be avoided.

-- The coalition of the G20+ has brought more equilibrium into the WTO. Given that the new group represents 65% of the world's agricultural production and about half of the planet's population, the group has sufficient weight to negotiate with the U.S. and EU. It did not split the "monolith" of the U.S. and EU, but found some "cracks" between them representing areas where advances can be made.

-- Amorim was not sure why the EU backed down over Singapore issues and was willing to accept just one Singapore issue being discussed.

-- Amorim said he did not believe the U.S. or the EU would retaliate against Brazil for the latter's conduct at Cancun. He said the issues involved are ones that can be worked out in future negotiations. He mentioned a timeframe of perhaps six months for negotiations on agriculture to pick up again.

-- Asked about implications for ALCA, FM Amorim declined to comment for the moment, on the grounds that the subject needed a deeper assessment and that anything he would say would be reported nationwide, as the press was present in numbers. He simply noted that one lesson had been learned by Brazil: if the agenda is too heavy, negotiations become complicated. Amorim

made a comparison to flying an overweighted airplane, and said he hoped other parties have learned the keep-it-simple lesson as well.

-- Amorim likewise declined to respond to the question of whether the U.S. strategy to pursue bilateral trade agreements would weaken the G20+. He only commented that countries considering negotiating bilaterally with the U.S. should think carefully, because to negotiate with a country that subsidizes its agricultural sector raises the possibility of damaging one's own agricultural sector.

-- Amorim also made a reference in the middle of his speech to the EU being more protectionist than the U.S.

VIRDEN